DairyNZ

Return on investment report

Making the levy the best investment of every New Zealand dairy farmer

Summary of an independent report by Nimmo Bell & Associates

2025

About this report

Through the milksolids levy, Kiwi dairy farmers invest around $70 million per year to deliver a positive future for New Zealand dairy through science, research, advocacy and farm extension.

The DairyNZ Board commissioned independent economic and investment analysts Nimmo Bell to provide farmers with an independent review of the return on investment (ROI) to the dairy industry from the industry-good activities and investments undertaken or funded by the milksolids levy.

It is important to note that in many initiatives, DairyNZ has not acted alone, working with other industry partners to deliver the benefits.

This document is a summary of Nimmo Bell's full 140-page report, which is a data-driven assessment of the ROI from the milksolids levy. The report also measures how dairy farmers directly and indirectly benefit from levy funded activity at both the farm and sector level.

You can read the full version of the report, including the methodology behind the numbers, on the DairyNZ website.

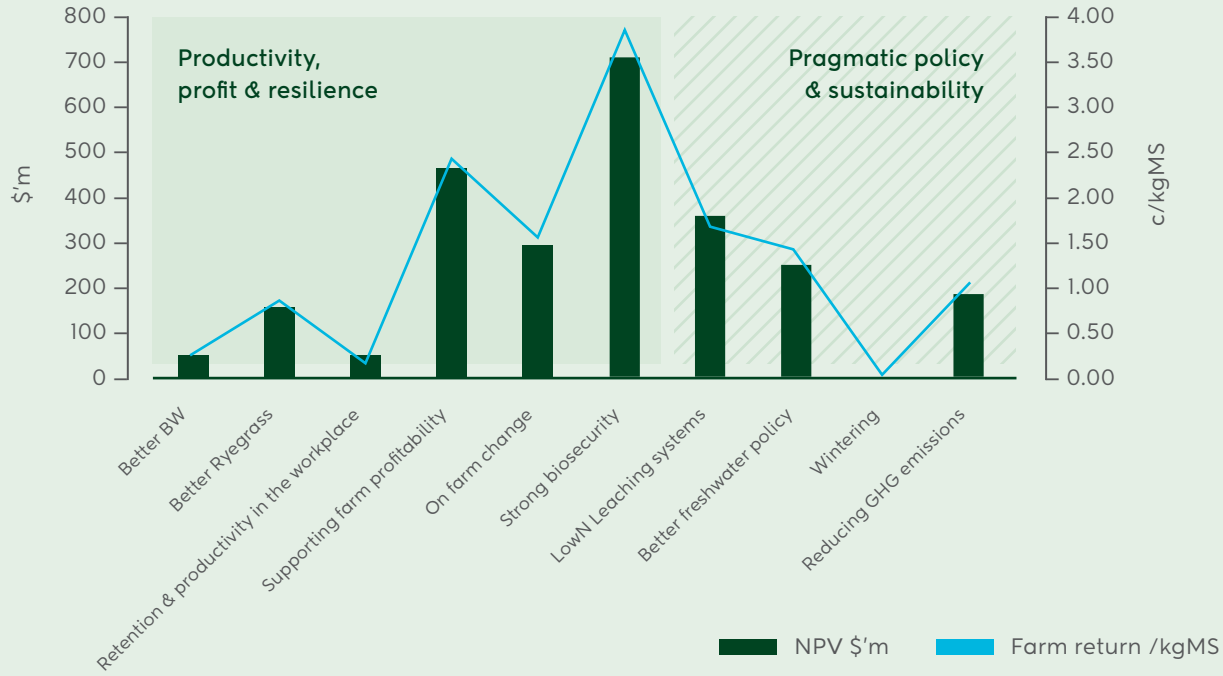
Key findings

DairyNZ asked independent economic analysts Nimmo Bell to analyse data to measure how much return dairy farmers got from their investment through the milksolids levy from 2020/21-2025/26.

- The key finding was that $341 million of levy revenue for DairyNZ generated an estimated **$2.98 billion of value**.
- This return is equivalent to 26c/kgMS/year or $187 per hectare per year. This represents a more than **7x return on investment.**
- The benefits come from both **productivity gains (45%)** and **costs avoided (55%)**.
- The investments drove productivity, strengthened farm systems and improved sustainability. Together, they helped farmers effectively push back on some of the economic and regulatory pressures which have been weighing down on farm efficiency.
- For example, DairyNZ's science-based advocacy helped secure more practical policies on environmental and climate matters such as nitrogen leaching and greenhouse gases.
- The review studied 92 of DairyNZ's larger initiatives. This was 84% of all investments by value out of the total of 179 initiatives DairyNZ had underway over this period.
- In many cases the government or partner organisations topped up the money invested by DairyNZ, that means farmers got an even bigger bang for their milksolids levy.
- It's clear that working in partnership with others helps to deliver the right outcomes and is beneficial to the sector.
- Because benefits from farm system-level work often overlap, care was taken to separate the value of individual practices from DairyNZ initiatives that promote adoption. Nimmo-Bell also worked to avoid double-counting wherever possible.

How it looks

Net Present Value (NPV) of strategic initiatives and on-farm returns



Independent review of return on investment to New Zealand dairy farmers of the milksolids levy, 30 October 2025

Some of the bigger hitters for returns

Name of initiative	How much was invested?	Estimated value now	Return per ha per year	Return per kgms/year
Supporting Farm Profitability	$66.4m	$466m	$29	2.46c
On Farm Change	$3.3m	$292m	$18	1.53c
Better Freshwater Policy	$17.6m	$248m	$16	1.36c
LowN Leaching Systems	$15.8m	$358.8m	$19	1.61c
Strong Biosecurity	$77.1m	$709m	$44	3.73c
All 92 initiatives collectively	**$248.6m**	**$2.98bn**	**$187**	**26c**

DairyNZ refreshed its strategy in 2024 to sharpen its focus on what matters to farmers.

Need to keep driving uptake

- The report found that DairyNZ needs to continue to invest to help farmers be more confident to adopt best practice and offer more practical tools such as the MaxT milking time app to make this easier.
- It recommended that DairyNZ make more use of dashboards and case studies, and involve farmers in the co-design of research initiatives to make them even stronger.

Delivering a positive future for New Zealand dairy farming

Our strategy is centred on three priorities: productivity, farm systems and sustainability

Drive productivity

Lock in as the world's most productive dairy farmers

- Genetic gain
- First in forage
- Power up our people

Strengthen farm systems

Future-proof the way we farm

- Future farm systems
- Biosecurity systems
- Economic insights

Compete on sustainability

Responsible dairy as a competitive advantage

- Water quality
- Greenhouse gases
- Animal care

Measuring delivery against the DairyNZ strategy

Strategic priority	*Name of initiative*	*By the numbers*	*Key wins*
Drive productivity 	**Better BW**	» 7 initiatives » $40.2m of dairy farmer levies » $5.4m from other sources » Expected value $51.1m » Return of 25c/kgMS/year or $3 ha/year » 1.2x return	» >50% of productivity gains come from genetics. DairyNZ's independent role in providing animal evaluation and playing catch-up with the rate of genetic gain attained by overseas competitors. » DairyNZ work has contributed to the steep climb in the proportion of herds with at least one insemination of international origin between 2018 and 2024. Work is still in progress with other players, harnessing the NZ Animal Evaluation database to help develop one BW to drive the next generation of genetic gain.
	Better Ryegrass	» 5 initiatives » $9.3m of dairy farmer levies » Expected value $155.1m » Return of 85c/kgMS/year or $9.71 ha/year » 16.3x return	» Dairy NZ continues to develop a definitive Forage Value Index to allow farmers to independently compare the value of different ryegrass varieties.
	Retention & productivity in the workplace	» 16 initiatives » $13.6m of dairy farmer levies » $2.4m from other sources » Expected value $46.99m » Return of 17c/kgMS/year or $2 ha/year » 1.6x return	» Dairy workers added to scarce list for Accredited Employee Work Visa during Covid19 » MaxT App for improved milking efficiencies

**Actual for 2020/21-2024/25 and estimated for 2025/26.*

Measuring delivery against the DairyNZ strategy

Strategic priority	Name of initiative	By the numbers	Key wins
Strengthen farm systems 	**Supporting farm profitability**	» 22 initiatives » $68.9m of dairy farmer levies » $3.3m from other sources » Expected value $465.7m » Return of 2.46c/kgMS/year or $29.18 ha/year » 6.8x return	» Step Change initiative to help farmers adapt to increasing environmental pressures. » Leveraging of DairyBase to help farmers benchmark their financial performance against peer groups and find areas for improvement.
	On farm change	» 6 initiatives » $3.3m of dairy farmer levies » $2.21m from other sources » Expected value $291.8m » Return of 1.53c/kgMS/year or $18.28 ha/year » 50x return	» Developed and implemented regionally relevant Good Management Practices in lower NI and lower SI catchments with particular issues.
	Strong biosecurity	» 3 initiatives » $93.3m of dairy farmer levies » $112m from other sources » Expected value $709m » Return of 3.73c/kgMS/year or $44 ha/year » 1.8x return	» Supports the control of TB (an existing endemic disease) and continued exclusion of M.bovis, Foot and Mouth Disease etc through policy, advocacy and engagement, governance of the biosecurity system and readiness for response.
Compete on sustainability 	**LowN leaching systems**	» 8 initiatives » $18.2m of dairy farmer levies » $16.6m from other sources » Expected value $358.8m » Return of 1.61c/kgMS/year or $18.68 ha/year » 4.8x return	» Identified how to reduce nitrogen losses by 40-60% through 'stacking' of mitigations. » Identified the value of plantain in reducing nitrogen losses by 26%
	Better freshwater policy	» 7 initiatives » $21.7m of dairy farmer levies » $0.4m from other sources » Expected value $248m » Return of 1.36c/kgMS/year or $15.5 ha/year » 12.65x return	» Using science, economic modelling and advocacy to help amend the Government's Essential Freshwater Package averting an estimated 5% loss of profit for 2000 dairy farms in the most affected catchments.
	Wintering	» 9 initiatives » $8.3m of dairy farmer levies » $1.65m from other sources » Expected value $3.6m » Return of 0.03c/kgMS/year or $0.3 ha/year » 0.5x return	» Wintering Good Farming Practice Initiative providing information and demonstrations on good farming systems on winter crops and demonstrating this to regulators.
	Reducing GHG emissions	» 9 initiatives » $9.1m of dairy farmer levies » $0.1m from other sources » Expected value $184.9m » Return of 1.02c/kgMS/year or $12.36 ha/year » 22.1x return	» Climate policy and advocacy on behalf of dairy farmers, including DairyNZ science advocating for a split gas approach, removal of agriculture from ETS, and research to find solutions for reducing GHGs. » These provided scientifically based evidence to advocate for a fair and practical regulatory framework and to help develop mitigation technology.

**Actual for 2020/21-2024/25 and estimated for 2025/26.*

Case study 1

On farm change

This DairyNZ initiative operated over the period June 2019 – June 2025. It involved developing farmer groups across a range of dairying locations to help farmers meet new environmental obligations, while minimising the potential loss of profitability and building the resilience of the farm business. These catchments included:

- Selwyn-Hinds (Mid Canterbury)
- Waimea (Southland)
- Ōrari- Temuka- Ōpihi- Pareora (OTOP) water zone (South Canterbury)
- Tararua Plantain (Manawatū)

The challenges varied by catchment. As an example Selwyn had to reduce N loss by 30% by the 2022/23 season and Hinds progressively by 36% by 2035 with the first 15% reduction required by 2025. Over time the requirements changed with revised legislation, for example the Essential Freshwater Policy and the requirement for Freshwater Farm Plans were delayed with the change in government in 2023.

DairyNZ worked alongside partner farms, rural professionals and scientists to provide farmers with confidence in the mitigation options and how to implement them. Practical and robust insights were drawn from prior research and boiled down into Good Management Practice systems relevant for the catchment/area. The Nimmo Bell report calculated that value worth $291.8m had been created through cost avoidance through the initiatives delivered - providing a 50x return on investment. The initiative delivered a step change for locally empowered farming communities to drive improvements in water quality and ecosystem health at scale across dairy catchments. It had an accompanying benefit that public and consumers view dairy farmers positively as more responsible stewards of the land, protecting and supporting social licence.

Case study 2

Finding and keeping great people in dairy

The New Zealand dairy industry needs great people to operate. However, it can be hard to attract and retain enough skilled employees due to the long hours, physical work, and remote locations. Along with an aging farming community, young people have been slow to enter the industry and many farm workers leave their jobs within the first 12 months. For dairy farmers this creates added costs in the way of recruitment, staff training and the time taken for this.

Some examples of solutions provided by DairyNZ include the MaxT App, which has been downloaded 1130 times in the two years June 2023 to June 2025. This equates to 10% of the total herds in New Zealand. The app helps optimise the milking window. This reduces the overall time spent milking, saves on labour costs and gives more flexibility as well as potential for more enjoyment of work, leading to higher retention rates.

Many New Zealand farmers have chosen to recruit from offshore for their farm staff. Prior to 2019 around 200 people per year were holding visitor/ work visas in the sector. The process for application for residency was challenging for people working on farm as they needed to meet certain levels of:

- skill (at least Farm Manager)
- remuneration (often difficult in the dairy sector)
- length of time worked
- English language proficiency.

DairyNZ advocacy, alongside partners, helped broaden the range of dairy roles on the scarce list of the 2021 Accredited Employee Work Visa. This basically meant all international employees on temporary worker work visas could qualify for residency. In a single hit it helped secure permanent New Zealand residency for over 4,000 workers in the dairy sector.

DairyNZ

Thank you for reading our return on investment report and for your contributions to New Zealand dairy.

The full Nimmo Bell report is available on dairynz.co.nz